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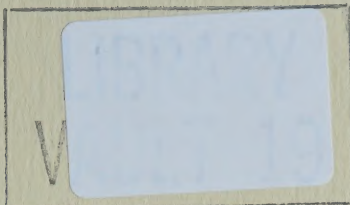
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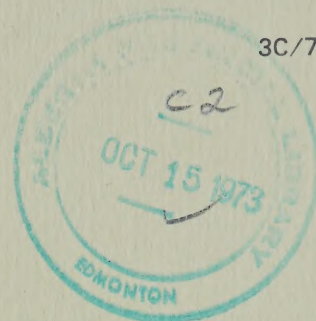
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CALGARY DAIRY FARM BUSINESS SUMMARY

A REPORT ON 16 SAMPLE DAIRY FARMS 1972

Alberta

↳ Dept. of AGRICULTURE

↳ PRODUCTION ECONOMICS BRANCH

↳ MARKET INTELLIGENCE SECTION

↳ MARKETING DIVISION

CALGARY DAIRY FARM

BUSINESS SUMMARY

1972

A

REPORT ON

16 SAMPLE DAIRY FARMS

Marcel J. Maisonneuve

PRODUCTION ECONOMICS BRANCH

MARKET INTELLIGENCE SECTION

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ALBERTA

DEPARTMENT OF AGRICULTURE

MINISTER

Hugh M. Horner

DEPUTY MINISTER

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F O R E W O R D

The production of fluid milk has long been an important sector of Alberta's rural economy.

In order to obtain a continuing account of costs and returns on fluid milk farms, the Department of Agriculture, with the co-operation of the Alberta Dairy Control Board, has maintained annual cost studies for a number of years.

Production techniques are undergoing considerable change in the agricultural industry at the present time. As a result, costs may change significantly within a short time. Dairy farmers are constantly making innovations and adopting new technologies in the production of milk. Increasing mechanization is being attempted to compensate for the scarcity of labour.

In view of the dynamic nature of production methods and the changes occurring in farm input costs, and since previous publications were used as an element in the process of price determination, it was deemed advisable to secure costs and returns information for 1972.

To accomplish this task, M. Maisonneuve was assigned to conduct the study program. This is the report on the business operations of a sample of sixteen dairy farms in the Calgary milkshed.



K. D. Porter
Head, Production Economics Branch
Market Intelligence Section
Alberta Department of Agriculture

INTRODUCTION

In 1972, 16 fluid milk shippers out of a total of 275 in the Calgary-Red Deer milkshed provided their records of business for analysis. The farms represented a cross section of the producers based on quota size.

This report contains a summary and analysis of business activities on a group basis in conformation with previous reports. It is intended to supplement computer printouts in the hands of the dairymen with a general comparative analysis, and to provide information to the dairy industry, the Dairy Control Board and to government personnel in the field of farm management.

ACKNOWLEDGEMENTS

Acknowledgement is due to the participating dairymen who provided their farm records and to Ken Porter and other staff of the Production Economics Branch for their assistance. Thanks are also due to the Dairy Control Board and the Priority Employment Program of the Alberta government which helped in the process of gathering the information. Thanks also to Terry Kozmech who assisted in the summary of data for the report.

Marcel J. Maisonneuve, Supervisor, Agricultural Economist,
PRODUCTION ECONOMICS BRANCH.

DEFINITION OF TERMS

Total Farm - This term includes all enterprises in farm business, and in this report it refers to the income and expenses associated with the total operation.

Operating Revenue - Includes cash receipts and the adjustment of crop and livestock inventories less livestock purchased.

Operating Expenses - Are cash expenses plus depreciation, plus an allowance for unpaid family labour exclusive of the operator.

Net Farm Income - Is the difference between Operating Revenue and Operating Expense prior to deducting Capital interest expense and an interest return up to a combined value of 7% of the current equity in the farm.

Labour Income - Is the residual to the operator after deducting the interest on investment.

Labour Earnings - Is the addition of labour income and the value of home-consumed produce, and is the amount forthcoming to the farm operator for his labour and management for the year.

Dairy Enterprise - The Dairy Enterprise, for the purpose of business analysis, is an operating unit in itself which may draw upon other enterprises of the farm for such resources as feed and labour.

Herd Credit - Is the increase or decrease in the value of the dairy herd through sales, purchases, births, natural growth and dairy livestock losses during the year, as well as, the value of milk used in the home and fed to livestock other than the dairy herd.

Milk Costs Per Hundredweight - This refers to the analysis of costs of production of milk sold to the fluid milk distributing plants.

Return to Management and Profit - Or Return to the Operator's Management and Risk, is the dollar value remaining to the operator after including his labour and interest at 7% on capital as costs of operation.

Value of Production From Dairy - Is the receipts from the sale and personal use of dairy products plus the value of inventory change in feed and dairy cattle less purchase of dairy livestock.

DEFINITION OF TERMS

Total Variable Costs - Are short-term costs which vary relative to output.

Fixed Costs - Consist of depreciation, interest on investment and such costs as utilities, insurance and taxes.

Total Production Cost - Is the sum of all variable costs, labour and fixed costs.

Unpaid Labour - Consists of the operator's labour and any unpaid labour contributed by the family. .

Capital Turnover - Is the number of years required for the value of production or operating revenue to equal the average investment for the year.

OUTLINE OF THE STUDY

The dairy study deals with the economics of fluid milk production at the producer level in three general Alberta areas--Edmonton, Calgary and Lethbridge. An 7.2% sample of the 753 Alberta shippers in these controlled areas submitted business information for the calendar year of 1972. In this year, the Alberta Farm Account Book was most widely used, though other accounting systems favored by individuals were also employed. Assistance was provided in entering data so as to best facilitate computerization. Farmers' records from these books accounted for the basic data for analysis.

Objectives

The purpose of the study is to provide a continuing account of the economic conditions in the production of fluid milk in Alberta for the Dairy Control Board and the milk industry as a whole, and to provide the participating dairy farmers with personal business analyses for management purposes.

Characteristics of the Study

The study was designed to be as representative as possible through selection by area and by quota size, the dairy enterprise being the main source of income on all farms. Crop enterprises are carried on in nearly all the dairy farms and certain dairy farmers have beef enterprises besides. The Alberta Farm Account Book was constructed to accommodate all such enterprises and, to permit ready transformation for computer use.

Report Procedure

Farms were assembled according to their market areas and separate area reports were made. Basic tables on Income and Expense respecting the Total Farm and Dairy Enterprise were first constructed. Management levels were tabulated, followed by auxiliary tables of feed and labour use. An analysis of the key management factors and their effect on the dairy enterprise was made. Comparative tables for farms of low, medium and high returns to unpaid labor and management were constructed and consolidated Dairy Enterprise statements were made from data from all farms on study.

FARM INCOME AND EXPENSES

Table 1 shows the comparative Income Statements for the Calgary dairy farms on study during 1971 and 1972. Group averages on a per farm basis are used to indicate the outcome of the year's business activities. The Income Statement outlines the income and expenses for the total farm business.

Receipts - Milk sales of \$45,877 accounted for the greatest portion of total cash receipts, followed by dairy cattle. Other livestock sales increased due to more cattle being fed for beef purposes. Crop sales contributed 5% and miscellaneous receipts 2% of total cash receipts.

Inventory Change - A lower total inventory change in livestock and crop accounted for a negative net inventory change in 1972.

Expenses - Increases in expenses in all categories led by feed, general dairy expenses, and labor brought Operating Payments up to \$39,189. This difference was further enlarged by higher depreciation costs and the added value of unpaid family labor. While both Operating Expenses and Operating Revenue showed increases in 1972, the final result was a decrease in Net Farm Income.

Labour Earnings - An increase in the total interest on capital expenditure reduced Labour Earnings to \$3,658 in 1972. The interest on investment charge was made up of equity, interest and actual interest payments of \$3,887 per farm on the average.

Table 1

INCOME STATEMENT FOR THE TOTAL FARM OPERATION

January 1, 1972 to December 31, 1972

Calgary Whole Milk Farms	Group Average 1971	Group Average 1972	Your Farm		Group Average 1971	Group Average 1972	Your Farm
Number of farms ^{a/}	18	16			18	16	
<u>EXPENSES</u>	^{b/}			<u>RECEIPTS</u>			
Feed bought for LS	\$ 3,665	\$ 9,034	\$	Gross milk sales	\$37,755	\$45,877	\$
Auto expenses	411	560		Dairy cattle sales	7,143	\$9,879	
Tractor expenses	1,338	1,348		Other livestock	927	\$3,626	
Truck expenses	816	915		Crop sales	3,358	3,464	
Gen. farm exp. (seed, fert., twine, etc.)	6,132	7,174		Misc. receipts	897	1,101	
Gen. dairy exp. (vet., milkhous supplies, etc.)	3,213	5,208		TOTAL CASH RECEIPTS	50,080	63,947	
Annual joint exp. (ins., phone, taxes, elec.)	2,982	4,396		Change in Crop Inventory	- 1,060	3,278	
Wages paid with board	5,623	7,214		Change in LS Inventory	6,442	870	
Hauling & fees off milk cheque	2,909	3,340					
OPERATING PAYMENTS	27,089	39,189					
Add:				Deduct:			
Depreciation on bldgs. & equipment	6,276	6,937		LS Purchases	4,828	4,521	
Unpaid family labour (not incl. operator)	1,091	1,493		Net Inventory Change	554	- 373	
TOTAL OPERATING EXPENSES	34,456	47,619		OPERATING REVENUE	50,634	63,574	
Net Farm Income	16,178	15,955					

The Net Farm Income for the groups of farms above represents the Average Net Income per farm. The Net Farm Income is modified by deducting interest on the operator's equity at a rate of 7% and also interest which was paid on farm indebtedness. The final measure is known as the operator's LABOUR EARNINGS which is the return to the operator for his labour and management and is shown below.

Deduct:		
Int. on capital	\$ 11,867	\$ 12,669
LABOUR INCOME	4,311	3,286
Add: Perquisites	194	372
LABOUR EARNINGS	\$ 4,505	\$ 3,658

^{a/} Previous year's figures included for comparison.

^{b/} All figures have been rounded to the nearest dollar.

CALGARY DAIRY ENTERPRISE ANALYSIS

Table 2 summarizes comparative receipts and expenses of the Calgary area farms for 1971 and 1972 in terms of group averages for the dairy enterprise only. ^{1/} Receipts included all sales of dairy products and the value of herd credit. In cases where dairy steers were customarily raised for sale they were considered as a beef enterprise and were excluded. The various costs were assembled into four main categories. The value of the operator's labour was included in labour charges in order to be able to arrive at a residual return to management above all costs.

Receipts from the sale of milk in 1972 constituted 85% of total dairy receipts. Smaller herd expansion resulted in a lower value of credits due to herd increase in 1972.

Costs rose in every category and amounted to \$54,604. The composition of costs were: Feed - 37%, Labour - 19%, Overhead - 21% and Other Costs - 24%. The production cost increases in 1972 offset the increased receipts with a resultant negative return to profit and management.

Milk Costs Per Hundredweight

In this section of the table, receipts other than those obtained from the sale of milk to the whole milk plants were eliminated and costs were reduced by the amount of the herd credit so as to arrive at a net return per hundredweight of sales to plants.

On a hundredweight basis feed, labor and other costs increased in 1972 bringing total gross costs to \$7.00 per cwt. sold to plant. After the adjustment was made for herd credit the net costs per cwt. rose to \$5.96.

The average price received per cwt. changed little in 1972 while Returns to Management and profit per cwt. sold was a negative 8¢ per cwt.

^{1/} Consolidation of Edmonton, Calgary and Lethbridge--Page 13.

Table 2

DAIRY ENTERPRISE COST ANALYSIS

January 1, 1972 to December 31, 1972

	Group Average 1971	Group Average 1972	Your Farm
<u>Calgary Whole Milk Farms</u>			
Number of farms	18	16	
<u>Dairy Receipts Per Farm</u>			
Value of milk sales per farm	\$37,388	\$45,877	\$
Value of milk used in house per farm	144	181	
Credit from herd increase (due to herd growth) ^{a/}	8,487	7,815	
Value of miscellaneous dairy income	322	138	
Total Receipts	\$46,341	\$54,011	
<u>Dairy Costs Per Farm</u>			
Feed cost at ^{b/} farm market value (including pasture)	14,348	20,100	
Labour cost	7,739	10,260	
Overhead cost (depreciation and interest)	10,248	11,244	
Other costs	9,019	13,000	
Total costs	\$41,354	\$54,604	
Net amount left for profit and management after charging custom rate per hour for dairy labour	4,987	- 593	
<u>Milk Costs Per Hundredweight Basis</u>			
Feed (including all purchased and home grown and pasture charge)	2.23	2.58	
Labour (dairy share of total farm labour)	1.20	1.32	
Overhead cost (depreciation and interest)	1.59	1.44	
Other costs (marketing, milkhouse supplies, etc.)	1.40	1.66	
Total gross cost per cwt. milk	6.42	7.00	
Value of credits to dairy herd per farm	1.32	1.04	
Total net costs per cwt. milk	5.10	5.96	
Average price received per cwt. for all milk sold	5.85	5.88	
Returns to management and profit per cwt. of milk	0.75	- 0.08	
Net cost per lb. butterfat	1.46	1.70	
Receipts per lb. butterfat	1.67	1.68	
Butterfat test of milk	3.50%	3.51%	

^{a/} Credits to dairy herd are value of herd at the end of the year plus sales of cattle, plus cattle butchered, less value of herd at the beginning of the year and less purchase of cattle. They also include milk fed to calves. For a further explanation of Herd Credit, see Page 12.

^{b/} Represents wages paid for single and married dairy labour. Where no hired help was employed, operator and family was entered at the average rate for hired labour.

MANAGEMENT

Dairy Management is concerned with organizing, planning, directing and supervising the business. Dairy farmers carry out these functions and, in many cases, add their own labour. Over the long term, their decisions are made in reference to two conditions--size and intensity. The wide range in size of Alberta dairy herds has persisted for many years. This has not been so much due to entry of small operators as to the decision of existing operators as to how much responsibility they want to assume as managers. Therefore, no individual operation can be selected as a model for all operations.

Table 3 shows average levels in the management factors influencing income in 1971 and 1972. The unit factors, per cow, per D.A.U., per hour, per pound and per hundredweight, which measure intensity, are perhaps of more direct interest in individual comparisons, and therefore a number of them are reproduced here.

Livestock - Total milk sales per farm were up in 1972 as well as production per cow. More roughage and grain was consumed per dairy animal unit. Gross returns per \$100 feed fed were lower because of higher consumption and costs of feed.

Labour - Total farm operating revenue per man was up, due mostly to the greater volume of milk sold. The efficiency of dairy labour per hundredweight of milk was increased in 1972, though the labour cost per hour rose \$0.33. Net returns accruing to management and all labour inputs per hour decreased to \$1.96 due to higher production costs.

Capital - Operating revenue from the total farm per \$1,000 of investment increased over 1971.

Size of Business - The amount of owned capital as well as the size of herd increased in 1972.

Table 3

MANAGEMENT FACTORS AFFECTING INCOME
January 1, 1972 to December 31, 1972

Calgary Whole Milk Farms		Group Average 1971	Group Average 1972	Your Farm
Number of farms		18	16	
<u>Livestock</u>				
Milk production per cow (including milk fed to calves and for home use)	(lbs.)	10,893	11,443	
Fluid milk sales per farm	(lbs.)	639,367	779,865	
Butterfat per cow	(lbs.)	381	402	
Butterfat test of milk	(%)	3.50	3.51	
Grain & supplement fed per dairy animal unit	(lbs.)	3,882	4,559	
Roughage per dairy animal unit	(tons)	3.6	4.4	
Gross Returns per \$100 feed fed	(\$)	323	269	
<u>Crops</u>				
Yield per acre: Barley	(bus.)	42	43	
Oats	(bus.)	42	65	
Wheat	(bus.)	28	27	
Roughage	(tons)	1.8	1.7	
Other Grain	(bus.)	38.2	46.5	
<u>Labour</u>				
Man equivalent per farm	(no.)	2.46	2.63	
Operating revenue per man	(\$)	20,662	24,173	
Cost of dairy labour per man hour ^{a/}	(\$)	1.74	2.07	
Net returns to dairy management & labour/man hour	(\$)	2.86	1.96	
Labour per pound of butterfat produced	(hrs.)	0.19	0.18	
Hours of labour per 100 pounds of milk produced	(hrs.)	0.68	0.62	
Hours per cow equivalent (total herd)	(hrs.)	52	55	
<u>Capital</u>				
Operating revenue per \$1,000 of utilized capital	(\$)	220	285	
Years for operating revenue to equal utilized cap.	(yrs.)	4.5	4.1	
<u>Size of Business</u>				
Number of acres owned and rented	(acs.)	666	550	
Number of acres owned	(acs.)	360	304	
Number of cultivated acres (including summerfallow)	(acs.)	548	428	
Owned capital investment	(\$)	170,658	178,765	
Rented capital investment	(\$)	59,501	44,084	
Number of milk cows (including dry cows)	(no.)	60.3	69.8	
Total dairy animal units ^{b/}	(no.)	86.0	89.5	
Number of milk cows as percent of total herd in cow equivalent	(%)	70.0	78.0	

^{a/} The average rate for all labour charged to dairy chores. This consisted of single and married wages with board. The operator's labour was charged at the going married labour rate.

^{b/} In terms of cow equivalent, i.e. one cow equals 1.5 heifers or 3 calves.

FEED CONSUMPTION AND FEED VALUES

The table below provides some comparative measures between purchased and home grown feed on Calgary study farms for the past two years. During 1972 the farms on study bought 123.3 tons of roughage on the average, for their dairy herds, and used 268 tons of home grown roughage. The value of purchased roughage averaged \$26.00 per ton.

In 1972, approximately 51% of the total grain and concentrates fed was purchased. The cost per pound of purchased grain, dairy ration and other concentrates appeared to be lower in 1972 because of a higher percentage being grain. Feed grain was bought around 1.83 cents per pound. The proportion of grain to roughage was 1 pound to 1.9 pounds. The total value of purchased feed per farm amounted to \$9,472.00, which is 47% of total feed costs inclusive of pasture charges and expenses for salt and minerals.

Table 4 DAIRY LIVESTOCK FEED CONSUMPTION AND FEED VALUES

		Group Average 1971	Group Average 1972
<u>Calgary Whole Milk Farms</u>			
Number of farms		18	16
<u>Purchased Roughage Fed</u>			
Average value per farm	(\$)	1,404	3,195
Average tons per farm	(tons)	62.5	123.3
Value per ton	(\$)	22.44	25.92
<u>Home Grown Roughage Fed</u>			
Average value per farm	(\$)	4,823	5,996
Average tons per farm	(tons)	245	268
Value per ton	(\$)	19.68	22.35
<u>Purchased Grain and Other Concentrates Fed</u>			
Average value per farm	(\$)	2,992	6,276.88
Average pounds per farm	(lbs.)	100,036	236,670
Value per pound	(¢)	2.99	2.65
<u>Home Grown Grains Fed</u>			
Average value per farm	(\$)	3,923	3,183
Average pounds per farm	(lbs.)	254,833	171,344
Value per pound	(¢)	1.54	1.86

LABOUR

The kind of labour used on dairy farms varied considerably depending on the size of the operation. On the study farms in 1972 the proportion of hired labour time to total labour was 51% in the Calgary group, 57% in the Lethbridge - Medicine Hat group and 35% in the Edmonton group.

The hired labour was supplemented by family labour under varying arrangements in payment or non-payment depending on circumstances. Casual labour was commonly traded between neighbors or paid for as required.

A distribution of labour in the Calgary group of 16 farms shows the type of labour and wages paid including board which was recorded in 1972. These wages represent payment for work of all kinds which occurs on the farm.

LABOUR RATES

	<u>Hired Labour Per Farm</u>	<u>Hired Labour Total</u>
Months	16.01	256.2
Cost Per Month	\$450.56	\$450.56
Total Cost	\$7,213.50	\$115,416

For the purpose of attributing a value to all labour on the farm, the farm operators were asked to value their labour at going rates. This was undertaken in order to show its significance in the analysis where returns are attributed to the operator's labour as well as to his equity and his management of the business. In the Calgary study, the operator's labour contributions are shown below. Though unpaid family labour did not receive formal wages, it was significant in the labour picture. The summary is included.

	<u>Operator Labour</u>	<u>Total Operator Labour</u>	<u>Unpaid Family Labour</u>	<u>Total Unpaid Family Labour</u>
Months	11.61	185.8	3.99	63.84
Cost Per Month	\$506.21	\$506.21	\$374.18	\$374.18
Total Cost	\$5,877	\$94,053	\$1,493	\$23,888

RETURN TO UNPAID LABOUR AND MANAGEMENT

(54 Alberta Dairy Enterprises)

One measure of profitability of an enterprise is the return to unpaid labour and management. The 54 dairy enterprises on the study were grouped into low (-\$1,676), medium (\$4,330), and high (\$10,629) net returns in such a manner that they were significantly different. Following this, significance tests were applied to the return and cost data on a total enterprise and per hundredweight basis. On an enterprise basis, it was found that no single factor can account for the differences in net income between all of the three groups.

From Table 5, we see that size of enterprise, as measured by the average number of cows, or total lbs. of milk produced were not significantly different for the three groups. The medium and high income group farms, however, had significantly higher milk production per cow than the low income group. The larger volume of milk produced by the medium and high income farms allowed them to spread their production costs over a greater number of lbs. of milk, resulting in significantly lower production costs per cwt. The high net income group had a higher value of production per cwt. because of higher returns from cattle transactions. This, combined with their lower production costs per cwt., allowed them a higher return to unpaid labour and management per cwt.

LOW, MEDIUM, AND HIGH RETURNS TO UNPAID

LABOUR AND MANAGEMENT

Table 5
(54 Alberta Dairy Enterprises)

<u>Income Group</u>		<u>Low</u>	<u>Medium</u>	<u>High</u>
Return to Unpaid Labour & Management	(\$)	-1,676 <i>a</i> *	4,330 <i>a</i>	10,629 <i>a</i>
Number of Farms		18	20	16
Milk Sales	(\$)	28,399 <i>a</i>	31,272 <i>a</i>	46,052 <i>a</i>
Total Value of Production	(\$)	33,266 <i>a</i>	36,047	56,588 <i>b</i>
Total Feed Cost	(\$)	14,966 <i>a</i>	13,396 <i>a</i>	19,725 <i>a</i>
Total Cost of Production	(\$)	39,889 <i>a</i>	36,102 <i>a</i>	50,167 <i>a</i>
Return to Management & Risk	(\$)	-6,623	-54	3,815
Receipts Per Cwt. Milk Produced	(\$)	6.57	6.47 <i>a</i>	6.84 <i>b</i>
Feed Cost Per Cwt.	(\$)	2.96	2.40	2.39
Other Variable Cost Per Cwt.	(\$)	1.31	1.08	.95
Labour Cost Per Cwt.	(\$)	1.61	1.36	1.25
Fixed Cost Per Cwt.	(\$)	2.00	1.64	1.47
Total Production Cost Per Cwt.	(\$)	7.88 <i>a</i>	6.48 <i>b</i>	6.07 <i>c</i>
Returns to:				
Unpaid Labour, Mgmt. & Invest. Per Cwt.	(\$)	.71	1.67	2.12
Unpaid Labour & Mgmt. Per Cwt.	(\$)	-.33	.78	1.29
Operator's Labour & Mgmt. Per Cwt.	(\$)	-.52	.65	1.21
Management & Risk Per Cwt.	(\$)	-1.31	-.01	.78
Number of Milk Cows	(no.)	50.2 <i>a</i>	50.2 <i>a</i>	68.3 <i>a</i>
Total Milk Production	(lbs.)	506,309 <i>a</i>	557,457 <i>a</i>	826,797 <i>a</i>
Milk Production Per Cow	(lbs.)	10,093 <i>a</i>	11,116 <i>b</i>	12,114 <i>b</i>
Total Investment	(\$)	75,336	71,156	98,499
Capital Turnover	(yrs.)	2.26	1.97	1.74

* Means with different subscripts are significantly different at the $P < 0.05$.

Herd Credit

The greatest single item that tended to influence Herd Credit in 1972 was the difference between the sales and purchases of dairy livestock. This difference accounted for 61% of the Herd Credit in Edmonton, 69% in Calgary, and 79% in Lethbridge. Change in cattle inventory accounted for 27% in Edmonton, 23% in Calgary, and only 12% in Lethbridge. Records from the respective areas show the effect of inventory increase below.

	<u>Edmonton</u>		<u>Calgary</u>		<u>Lethbridge</u>		<u>All Areas</u>	
	\$	%	\$	%	\$	%	\$	%
<u>Inventory Increase</u>	1342		1839		1105		1459	
<u>Herd Credit</u>	5033	(27)	8134	(23)	9359	(12)	6513	(22)

Table 6 1972 CATTLE SALES & PURCHASES
(54 Dairy Farms)

<u>PURCHASES</u>				<u>SALES</u>			
<u>No.</u>	<u>Value</u>	<u>Av. Value</u>		<u>No.</u>	<u>Value</u>	<u>Av. Value</u>	
	\$	\$			\$	\$	
<u>Edmonton</u>							
Milk Cows	37	17,985	486	Cows	264	80,174	304
Mature Heifers	17	4,942	291	Calves	524	37,526	72
<u>Calgary</u>							
Milk Cows	102	50,447	495	Cows	307	96,222	313
Mature Heifers	27	11,822	438	Calves	368	39,413	97
<u>Lethbridge</u>							
Milk Cows	32	13,810	432	Cows	145	43,940	303
Mature Heifers	--			Calves	215	13,126	61
<u>Alberta</u>							
Milk Cows	171	82,242	481	Cows	716	220,336	308
Mature Heifers	44	16,764	381	Calves	1,107	90,065	81

Table 7

REGIONAL ENTERPRISE COST COMPARISONS

	Edmonton Group Average 1972	Calgary Group Average 1972	Lethbridge Group Average 1972	All Areas Group Average 1972
Number of farms	31	16	7	54
<u>Dairy Receipts Per Farm</u>				
Value of milk sales	\$25,641	\$45,877	\$49,221	\$34,694
Value of milk used in house	104	181	285	150
Credit from dairy herd increase	4,917	7,815	9,074	6,315
Value of miscellaneous dairy income	12	138	0	48
Total Receipts	\$30,674	\$54,011	\$58,580	\$41,207
<u>Dairy Costs Per Farm</u>				
Feed cost at farm market value (including pasture)	\$11,280	\$20,100	\$25,945	\$15,794
Labour cost	6,984	10,260	12,014	8,607
Overhead cost (depreciation & interest)	6,568	11,244	12,885	8,772
Other costs	5,375	13,000	10,963	8,359
Total Costs	30,207	54,604	61,807	41,532
Return to Management	647	- 593	- 3227	- 325
<u>Milk Costs Per Hundredweight Basis</u>				
Feed (purchased, home grown and pasture charge)	2.50	2.58	2.94	2.61
Labour (dairy share)	1.55	1.32	1.36	1.43
Overhead cost (depreciation & interest)	1.46	1.44	1.46	1.45
Other costs	1.20	1.66	1.24	1.39
Total gross cost per cwt. milk	\$ 6.71	\$ 7.00	\$ 7.00	\$ 6.88
Value of credits from dairy herd	1.12	1.04	1.06	1.08
Total net costs per cwt. milk	\$ 5.59	\$ 5.96	\$ 5.94	\$ 5.80
Average price received per cwt. for all milk sold	\$ 5.69	\$ 5.88	\$ 5.58	\$ 5.74
Return to management	0.10	- 0.08	- 0.36	- 0.06
Net cost per lb. butterfat	\$ 1.61	\$ 1.70	\$ 1.73	\$ 1.67
Receipts per lb. butterfat	\$ 1.64	\$ 1.68	\$ 1.63	\$ 1.65
Butterfat test of milk	3.48%	3.51%	3.43%	3.48%

The table above reproduces the Dairy Enterprise Cost Analysis from Page 5, along with the corresponding tables from the other Milkshed reports. A consolidation of these which include all study farms is shown in the right-hand column.

